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## Chinese Capitalism in Cambodia An anthropological-Institutional Approach to Embedded Entrepreneurship

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## Summary

*Chinese Capitalism in Cambodia* explores and explains the revitalization of Cambodian Chinese entrepreneurship in Cambodia's capital city, Phnom Penh, since the 1980s. The Cambodian Chinese business community, which primarily emerged when the people of South China migrated to Cambodia during the French colonial period (1863-1953), was completely uprooted during the civil war and subsequent Khmer Rouge regime of the 1970s. Since the 1980s, the Cambodian Chinese re-emerged as the driving force of the domestic private sector. Despite their prominent role in what is deemed the reconstruction of Cambodia, Cambodian Chinese entrepreneurship and its revitalization remain understudied. In this dissertation, I unravel the manner in which business people in Phnom Penh have been establishing business ventures since the 1980s, and to identify the social, cultural, economic and political dynamics that enable and constrain entrepreneurial activity.

My argumentation builds on one year of ethnographic fieldwork in Phnom Penh, from October 2010 to December 2011. I conducted interviews with entrepreneurs and their family members, observed in and outside the business world, and conversed with people directly or indirectly linked to Phnom Penh's private sector. In interviews with entrepreneurs I tried to unpack the congruence of social life (upbringing, family, ethnicity, migration) and business life throughout an entrepreneur's career. I investigated a diversity of entrepreneurial trajectories in Phnom Penh, especially in terms of economic sector, business size, and the age and gender of entrepreneurs. As a result, the study includes market vendors as well as powerful tycoons, younger and older generation entrepreneurs, and business activities ranging from the production of soya sauce to the trade of textiles. I aim to uncover how divers trajectories of entrepreneurship are situated within the time and place-specific context of post-Khmer Rouge Cambodia. The following question guides this endeavor: *How do entrepreneurs in Phnom Penh establish business ventures, and in what ways are these ventures embedded in practices and meanings of Chinese business organization on the one hand, and in the Cambodian social, economic, political and historical context on the other?*

The activity of entrepreneurship – that is, assembling resources to develop economic opportunities – is central, but I go beyond an understanding of entrepreneurship as an isolated economic activity. I adopt an embeddedness perspective that perceives entrepreneurship as enabled and constrained by the context in which individuals are embedded. As is suggested in the central question, entrepreneurship in Phnom Penh is embedded in two specific contexts. The first is the Southeast Asian context in which the ethnic Chinese are numerical minorities that nevertheless dominate the national economies in the region. This observation has spurred debate among Southeast Asia scholars regarding explanations for ethnic Chinese business acumen. The debate (which is outlined in the theoretical chapter two) concerns particular social practices and cultural meanings deemed characteristic of ethnic Chinese business organization, including family business, ethnic networking, state-business ties, and notions like filial piety, diligence, and informal trust. The second is the Cambodian post-Khmer Rouge context that is characterized by a re-appreciation of ethnic Chinese cultural expression and enterprising activities, rapid economic development, and a political domain marked by weak formal institutions and a strong ruling party. Paralleling this context, various domestic and foreign actors are involved in shaping Cambodia's political economy since the Khmer Rouge, the most central of which are the ruling Cambodian People's Party (CPP), Western donor countries, international and local NGOs, Asian investors and state actors (particularly China), and the local private sector that is the subject of this study.

In a broad sense, I argue that in setting up and consolidating business ventures, entrepreneurs enact practices and meanings of Chinese business organization in order to maneuver Cambodia's political economy. More specifically, I argue that entrepreneurial activity is organized through the enactment of three distinct yet overlapping socio-cultural arrangements: "Chineseness", kinship and patronage. These three arrangements are elaborated in the three empirical chapters of this thesis.

Chapter three adopts a historical lens to explore the relationship between "Chineseness" and business life in trajectories of Cambodian Chinese entrepreneurship in Phnom Penh. In the 1960s, anthropologist William Willmott described Cambodia as a plural society in which different ethnic groups occupy different places in the economic structure. The Chinese made up the economic class, active in trade and commerce, and formed a

definable ethnic community, both socio-culturally and politically. Since Willmott's seminal studies, Cambodia's ethnic Chinese have endured the destruction and repression of private enterprise and Chinese socio-cultural life, followed by a revitalization of Chinese business. I argue that Chinese family businesses, trust-based networks, patronage arrangements, and cultural representations have indeed been greatly revitalized over the last few decades, but that such revitalization has taken a fundamentally different form from Willmott's description. Practices of Chinese business can no longer be ascribed to an ethnic Chinese "community" in Phnom Penh, as the latter has become increasingly multiform. Rather, "Chineseness" pertains to a model of and for doing business that includes family loyalty, ethnic trust, and patron-client arrangements. In practice as much as discourse, this business model is tied to Chinese ethnicity, and is an integral part of Phnom Penh's private sector, which is largely made up of Cambodians of Chinese descent.

Chapter four employs the concept of kinship to explore the role and meaning of family and ethnic ties in Cambodian Chinese entrepreneurship. My co-author and I argue that both family and ethnic ties are expressions of kinship "relatedness", and that similar socio-cultural dynamics underpin the involvement of family and ethnic kin in entrepreneurship. Specifically, kinship ties foster the trust, altruism and reciprocity between people that is necessary to engage in business exchanges. We elaborate on twelve cases of businesses set up since the 1980s to argue that entrepreneurs in Phnom Penh build on a range of family and ethnic kinship ties with people both in and outside Cambodia in order to set up, secure and manage firms. Moreover, our findings suggest that different kinship ties involve different degrees of trust, altruism and reciprocity, and that – in extension – different aspects of the entrepreneurial process ask involvement of different kin at various remove. Nuclear family ties, for example, are primarily used for ownership, management and the pooling of start-up resources, whereas ties among Teochiu (Chinese dialect group) are employed to acquire credit or arrange the import of consumer goods. On a theoretical level, we hold that kinship is a promising conceptual vehicle to bridge the fields of family business and ethnic entrepreneurship studies. While these remain largely separate fields focusing on either the family business or ethnic community, a kinship perspective more fully captures the co-

occurrence of family and ethnic involvement in entrepreneurship through its focus on interpersonal ties and underlying dynamics.

Chapter five employs the concept of patronage to explain the relationship between Cambodia's political elite and prominent business tycoons, the so-called *oknha*. Since the early 1990s in Cambodia, the title of *oknha* has been bestowed upon business people who make substantial financial contributions to national development projects. Recipients of this honor are identified by the leadership of the ruling Cambodian People's Party (CPP), in particular Prime Minister Hun Sen. My co-author and I address the politics of awarding and receiving the *oknha* title as an expression of the reciprocal relationship within the business-state elite. The "elite pact" revolves around the tacit agreement that the *oknha* receive protection and privileges in their business ventures in return for loyalty and financial contributions to the CPP. Our argumentation reveals the unequal albeit reciprocal patronage relationships that cement the interdependencies between business and state actors. In terms of theoretical contribution, we propose that *oknha*, being both the medium and the outcome of the encompassing patronage system, is subject to processes of institutionalization within the elite organizational field and is turning into a template that regulates and orders entrepreneurial ventures at the interface of business and politics.

In sum, I argue in this dissertation that the material and non-material resources employed to develop economic opportunities are largely derived from "Chineseness", kinship and patronage. These three interrelated arrangements explain the complexities that have enabled and constrained entrepreneurship in Phnom Penh since the Khmer Rouge. In developing this argumentation, this dissertation also contributes to an embeddedness perspective on entrepreneurship. An embeddedness perspective perceives entrepreneurship as purposive activity by individuals who seek economic gain that is at the same time enabled and constrained by the environment in which these individuals are embedded. Entrepreneurship is not merely an individualistic endeavor, but a complex process that shows the dynamics between the individual and his or her context. This study makes two major contributions to an embeddedness perspective on entrepreneurship, which in my view represents the most viable stream of research emerging from the broader social sciences view that has been burgeoning within entrepreneurship studies since the turn of the century.

The first contribution pertains to the embeddedness of ethnic entrepreneurship. Conventional accounts of ethnic entrepreneurship tend to take ethnic community culture and identity for granted. Critics have pointed out, firstly, that these accounts accord disproportionate prominence to ethnic groups' socio-cultural features while neglecting the wider society and its opportunity structure. Secondly, critics debunk the reduction of ethnic entrepreneurship to an ethnic phenomenon while paying very little attention to the activity of entrepreneurship as such. I take these arguments to heart and start with an embeddedness perspective on (general) entrepreneurship rather than on ethnic entrepreneurship in particular. This yields the insight that the historical interplay between Chinese ethnicity and Cambodian society has brought about a plethora of relations, practices and meanings that organize entrepreneurship in contemporary Phnom Penh. Apart from ethnic relations, this historical interplay has brought about kinship and patronage relations, the latter of which reveal distinct socio-cultural dynamics that cannot be explained by a mere reference to ethnicity. This thesis pushes an embeddedness perspective to ethnic entrepreneurship forward by illuminating the ways in which entrepreneurship is embedded in ethnic, kinship and patronage relations.

Second, this dissertation contributes by developing a more explicit theorization of embeddedness. Specifically, I theorize the systems of social relations through which the entrepreneur becomes embedded in context. In the form of "Chineseness", kinship and patronage, I argue that these systems of social relations comprise interpersonal relations and institutional configurations. Moreover, I assert that a combined anthropological-institutional approach is especially suited to theorize the systems of social relations on these two levels. By virtue of its ethnographic methodology as much as its conceptual framework, the anthropological tradition offers a rich repository for the study of embedded entrepreneurship on the level of interpersonal relations, while institutional theory allows for an analysis that transcends micro-level behavior and considers embeddedness in institutional configurations on the level of the organizational field or society. In furthering an embeddedness perspective on entrepreneurship, this dissertation reveals the merits of integrating insights from anthropology and institutional theory.